

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2008

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Long Lake	County Grand Traverse
Fiscal Year End June 30, 2008	Opinion Date August 21, 2008	Date Audit Report Submitted to State August 25, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


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11
> 2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707			
Authorizing CPA Signature 	Printed Name Mark J. Campbell	License Number 1101007803	

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 21, 2008

To the Township Board
Township of Long Lake
Grand Traverse County, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Township of Long Lake, Grand Traverse County, Michigan as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Long Lake's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Township of Long Lake, Grand Traverse County, Michigan as of June 30, 2008, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2008

The Management's Discussion and Analysis report of the Township of Long Lake covers the Township's financial performance during the year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at June 30, 2008, totaled \$3,617,359.89 for governmental activities and \$103,885.40 for business activities. Overall net assets increased \$1,195,944.23.

Overall revenues were \$2,503,528.21 (\$2,495,434.44 from governmental activities and \$8,093.77 from business-type activities.

Taxable value was \$380,614,590.00.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities and business-type activities. These include the General Fund, Fire and Safety Fund, Natural Areas Construction Fund, Gypsy Moth Fund, Public Improvement Fund, Metro Act Fund, Budget Stabilization Fund, Fire Suppression Water Supply Fund, Retiree Insurance Fund, Long Lake Peninsula Fund, Sarah Lane Special Assessment Fund, Natural Areas Millage Fund, Library Building Fund and Manhattan Duplex Fund.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan
CONDENSED FINANCIAL INFORMATION
For the year ended June 30, 2008

	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Current Assets	1 150 143 00	1 374 862 00	23 701 00	20 718 00	1 173 844 00	1 395 580 00
Capital Assets	1 829 564 00	3 267 297 00	87 534 00	83 167 00	1 917 098 00	3 350 464 00
Total Assets	2 979 707 00	4 642 159 00	111 235 00	103 885 00	3 090 942 00	4 746 044 00
Current Liabilities	10 641 00	14 799 00	-	-	10 641 00	14 799 00
Non-current Liabilities	555 000 00	1 010 000 00	-	-	555 000 00	1 010 000 00
Total Liabilities	565 641 00	1 024 799 00	-	-	565 641 00	1 024 799 00
Net Assets:						
Invested in Capital						
Assets	1 274 564 00	2 257 297 00	87 534 00	83 167 00	1 362 098 00	2 340 464 00
Unrestricted	1 139 502 00	1 360 063 00	23 701 00	20 718 00	1 163 203 00	1 380 781 00
Total Net Assets	2 414 066 00	3 617 360 00	111 235 00	103 885 00	2 525 301 00	3 721 245 00
	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008	Total 2007	Total 2008
Program Revenues:						
Fees and Charges						
for Services	235 066 00	250 528 00	13 400 00	7 350 00	248 466 00	257 878 00
Capital Grants and						
Contributions	-	899 550 00	-	-	-	899 550 00
General Revenues:						
Property Taxes	701 110 00	701 929 00	-	-	701 110 00	701 929 00
State Revenue Sharing	531 703 00	534 451 00	-	-	531 703 00	534 451 00
Interest	56 817 00	66 994 00	892 00	744 00	57 709 00	67 738 00
Miscellaneous	40 730 00	41 983 00	-	-	40 730 00	41 983 00
Total Revenues	1 565 426 00	2 495 435 00	14 292 00	8 094 00	1 579 718 00	2 503 529 00
Program Expenses:						
General Government						
and Administration	478 494 00	473 617 00	13 024 00	15 444 00	491 518 00	489 061 00
Public Safety	409 776 00	464 478 00	-	-	409 776 00	464 478 00
Public Works	19 753 00	25 535 00	-	-	19 753 00	25 535 00
Recreation and Culture	58 017 00	73 833 00	-	-	58 017 00	73 833 00
Other	205 653 00	214 315 00	-	-	205 653 00	214 315 00
Interest on Long-Term						
Debt	-	40 363 00	-	-	-	40 363 00
Total Expenses	1 171 693 00	1 292 141 00	13 024 00	15 444 00	1 184 717 00	1 307 585 00
Increase in Net Assets						
Before Transfers	393 733 00	1 203 294 00	1 268 00	(7 350 00)	395 001 00	1 195 944 00
Transfers	-	-	-	-	-	-
Increase (Decrease) in						
Net Assets	393 733 00	1 203 294 00	1 268 00	(7 350 00)	395 001 00	1 195 944 00
Net Assets, July 1	2 020 333 00	2 414 066 00	109 967 00	111 235 00	2 130 300 00	2 525 301 00
Net Assets, June 30	2 414 066 00	3 617 360 00	111 235 00	103 885 00	2 525 301 00	3 721 245 00

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: Some of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, Fire and Safety Fund, Natural Areas Construction Fund, Gypsy Moth Fund, Public Improvement Fund, Metro Act Fund, Budget Stabilization Fund, Fire Suppression Water Supply Fund, Retiree Insurance Fund, Long Lake Peninsula Fund, Sarah Lane Special Assessment Fund, Natural Areas Millage Fund and Library Building Fund.

Business-Type Funds: The Township has a Manhattan Duplex Fund which includes the activity of operating the duplex.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our financial position in both the governmental and business-type activities remains strong.

Our external debt includes \$1,010,000.00 outstanding bonds sold to finance purchases of natural areas.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund is the main governmental fund of the Township. For the fiscal year ended June 30, 2008, the General Fund had revenue of \$1,096,606.70, expenses of \$898,035.52 and increase in fund balance of \$186,571.18. The other governmental funds had revenue \$1,398,827.74, bond proceeds of \$475,968.33, expenses of \$1,852,806.37 and increase in fund balances of \$33,989.70.

The Manhattan Duplex Fund had revenue of \$8,093.77, expenses of \$13,024.69 and a decrease in net assets of \$7,349.77.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities received \$485,000.00 of principal on long-term debt and paid \$30,000.00 of principal on long-term debt.

The Townships governmental activities invested \$1,475,330.19 in capital assets.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are no known factors affecting future operations.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Karen Rosa, at 8870 North Long Lake Road, Traverse City, MI 49684.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	674 699 15	14 945 01	689 644 16
Investments	688 096 47	5 773 59	693 870 06
Petty cash	400 00	-	400 00
Accounts receivable	924 59	-	924 59
Special assessments receivable	<u>10 742 01</u>	<u>-</u>	<u>10 742 01</u>
Total Current Assets	<u>1 374 862 22</u>	<u>20 718 60</u>	<u>1 395 580 82</u>
NON-CURRENT ASSETS:			
Capital Assets	3 755 473 33	129 184 24	3 884 657 57
Less: Accumulated Depreciation	<u>(488 176 55)</u>	<u>(46 017 44)</u>	<u>(534 193 99)</u>
Total Non-current Assets	<u>3 267 296 78</u>	<u>83 166 80</u>	<u>3 350 463 58</u>
TOTAL ASSETS	<u>4 642 159 00</u>	<u>103 885 40</u>	<u>4 746 044 40</u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	<u>14 799 11</u>	<u>-</u>	<u>14 799 11</u>
Total Current Liabilities	<u>14 799 11</u>	<u>-</u>	<u>14 799 11</u>
NON-CURRENT LIABILITIES:			
Bonds payable	<u>1 010 000 00</u>	<u>-</u>	<u>1 010 000 00</u>
Total Non-current Liabilities	<u>1 010 000 00</u>	<u>-</u>	<u>1 010 000 00</u>
Total Liabilities	<u>1 024 799 11</u>	<u>-</u>	<u>1 024 799 11</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2 257 296 78	83 166 80	2 340 463 58
Unrestricted	<u>1 360 063 11</u>	<u>20 718 60</u>	<u>1 380 781 71</u>
Total Net Assets	<u>3 617 359 89</u>	<u>103 885 40</u>	<u>3 721 245 29</u>
TOTAL LIABILITIES AND NET ASSETS	<u>4 642 159 00</u>	<u>103 885 40</u>	<u>4 746 044 40</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2008

		Program Revenue		Governmental Activities
				Net (Expense)
	Expenses	Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	104 072 75	-	-	(104 072 75)
General government	369 543 24	238 605 99	-	(130 937 25)
Public safety	464 478 00	-	-	(464 478 00)
Public works	25 534 92	11 922 01	-	(13 612 91)
Culture and recreation	73 832 75	-	899 550 00	825 717 25
Other	214 315 37	-	-	(214 315 37)
Interest on long-term debt	40 363 41	-	-	(40 363 41)
Total Governmental Activities	<u>1 292 140 44</u>	<u>250 528 00</u>	<u>899 550 00</u>	<u>(142 062 44)</u>
Business-Type Activities:				
Building and grounds	<u>15 443 54</u>	<u>7 350 00</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>15 443 54</u>	<u>7 350 00</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>1 307 583 98</u>	<u>257 878 00</u>	<u>899 550 00</u>	<u>(142 062 44)</u>
General Revenues:				
Property taxes				700 262 04
Other taxes				1 666 96
State revenue sharing				534 450 53
Interest				66 993 89
Miscellaneous				<u>41 983 02</u>
Total General Revenues				<u>1 345 356 44</u>
Change in net assets				1 203 294 00
Net assets, beginning of year				<u>2 414 065 89</u>
Net Assets, End of Year				<u>3 617 359 89</u>

The accompanying notes are an integral part of these financial statements.

<u>Business-Type Activities</u>	<u>Total</u>
<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
-	(104 072 75)
-	(130 937 25)
-	(464 478 00)
-	(13 612 91)
-	825 717 25
-	(214 315 37)
-	(40 363 41)
-	(142 062 44)
<u>(8 093 54)</u>	<u>(8 093 54)</u>
<u>(8 093 54)</u>	<u>(8 093 54)</u>
<u>(8 093 54)</u>	<u>(150 155 98)</u>
-	700 262 04
-	1 666 96
-	534 450 53
743 77	67 737 66
-	41 983 02
<u>743 77</u>	<u>1 346 100 21</u>
(7 349 77)	1 195 944 23
<u>111 235 17</u>	<u>2 525 301 06</u>
<u>103 885 40</u>	<u>3 721 245 29</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2008

	<u>General</u>	<u>Fire and Safety</u>	<u>Natural Areas Construction</u>	<u>Other Funds</u>
<u>Assets</u>				
Cash in bank	208 395 92	50 270 30	-	413 710 82
Investments	574 413 90	88 762 14	-	24 920 43
Petty cash	400 00	-	-	-
Accounts receivable	924 59	-	-	-
Special assessments receivable	-	-	-	10 742 01
Due from other funds	13 064 12	-	-	-
Total Assets	<u>797 198 53</u>	<u>139 032 44</u>	<u>-</u>	<u>449 373 26</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	14 799 11	-	-	-
Due to other funds	-	-	-	10 742 01
Total liabilities	<u>14 799 11</u>	<u>-</u>	<u>-</u>	<u>10 742 01</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	782 399 42	139 032 44	-	438 631 25
Total fund equity	<u>782 399 42</u>	<u>139 032 44</u>	<u>-</u>	<u>438 631 25</u>
Total Liabilities and Fund Equity	<u>797 198 53</u>	<u>139 032 44</u>	<u>-</u>	<u>449 373 26</u>

The accompanying notes are an integral part of these financial statements.

Total

672 377 04

688 096 47

400 00

924 59

10 742 01

13 064 12

1 385 604 23

14 799 11

10 742 01

25 541 12

1 360 063 11

1 360 063 11

1 385 604 23

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 1 360 063 11

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	3 755 473 33
Accumulated depreciation	(488 176 55)

Long-term debt liabilities are not due and payable in the current period and
therefore are not reported in the governmental funds:

Bonds payable	<u>(1 010 000 00)</u>
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TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>3 617 359 89</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2008

	<u>General</u>	<u>Fire and Safety</u>	<u>Natural Areas Construction</u>	<u>Other Funds</u>
Revenues:				
Property taxes	260 953 88	351 875 71	-	87 432 45
Other taxes	1 666 96	-	-	-
Licenses and permits	104 651 71	-	-	-
State revenue sharing	522 935 00	-	-	11 515 53
State grant	-	-	899 550 00	-
Charges for services – PTAF	129 590 30	-	-	-
Charges for services – other	4 363 98	-	-	-
Interest	56 581 85	2 586 06	4 595 07	3 230 91
Special assessments	1 180 00	-	-	10 742 01
Miscellaneous	<u>14 683 02</u>	<u>-</u>	<u>-</u>	<u>27 300 00</u>
Total revenues	<u>1 096 606 70</u>	<u>354 461 77</u>	<u>904 145 07</u>	<u>140 220 90</u>
Expenditures:				
Legislative:				
Township Board	104 072 75	-	-	-
General government:				
Supervisor	47 339 24	-	-	-
Elections	6 653 53	-	-	-
Assessor	54 289 15	-	-	-
Clerk	58 215 22	-	-	-
Board of Review	825 00	-	-	-
Treasurer	55 698 61	-	-	-
Building and grounds	111 168 46	-	-	-
Senior center	10 745 06	-	-	-
Cemetery	4 257 20	-	-	-
Other governmental	1 400 00	-	-	-
Public safety:				
Police department	-	66 880 00	-	-
Fire department	5 689 51	249 644 50	-	-
Planning and zoning	125 795 49	-	-	-
Public works:				
Highways and streets	10 830 66	-	-	10 742 01
Water	830 82	-	-	3 131 43
Culture and recreation:				
Parks and recreation	70 246 26	-	-	-
Historical	1 409 69	-	-	-
Other:				
Insurance	124 399 44	-	-	-
Pension	38 104 22	-	-	-
Longevity pay	1 572 36	-	-	-
Payroll taxes	29 495 42	-	-	-
Bond issue costs	-	-	11 712 26	-
Debt service	-	-	-	70 363 41
Capital outlay	<u>34 997 43</u>	<u>-</u>	<u>1 373 495 88</u>	<u>66 836 88</u>
Total expenditures	<u>898 035 52</u>	<u>316 524 50</u>	<u>1 385 208 14</u>	<u>151 073 73</u>
Excess (deficiency) of revenues over expenditures	<u>198 571 18</u>	<u>37 937 27</u>	<u>(481 063 07)</u>	<u>(10 852 83)</u>

The accompanying notes are an integral part of these financial statements.

Total

700 262 04
1 666 96
104 651 71
534 450 53
899 550 00
129 590 30
4 363 98
66 993 89
11 922 01
41 983 02

2 495 434 44

104 072 75

47 339 24
6 653 53
54 289 15
58 215 22
825 00
55 698 61
111 168 46
10 745 06
4 257 20
1 400 00

66 880 00
255 334 01
125 795 49

21 572 67
3 962 25

70 246 26
1 409 69

124 399 44
38 104 22
1 572 36
29 495 42
11 712 26
70 363 41

1 475 330 19

2 750 841 89

(255 407 45)

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2008

	<u>General</u>	<u>Fire and Safety</u>	<u>Natural Areas Construction</u>	<u>Other Funds</u>
Other financing sources (uses):				
Bond proceeds	-	-	475 968 33	-
Operating transfers in	-	-	-	42 638 80
Operating transfers out	(12 000 00)	(30 000 00)	(638 80)	-
Total other financing sources (uses)	<u>(12 000 00)</u>	<u>(30 000 00)</u>	<u>475 329 53</u>	<u>42 638 80</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	186 571 18	7 937 27	(5 733 54)	31 785 97
Fund balances, July 1	<u>595 828 24</u>	<u>131 095 17</u>	<u>5 733 54</u>	<u>406 845 28</u>
Fund Balances, June 30	<u><u>782 399 42</u></u>	<u><u>139 032 44</u></u>	<u><u>-</u></u>	<u><u>438 631 25</u></u>

The accompanying notes are an integral part of these financial statements.

Total

475 968 33

42 638 80

(42 638 80)

475 968 33

220 560 88

1 139 502 23

1 360 063 11

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	220 560 88
--	------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(37 597 07)
Capital Outlay	1 475 330 19

Receipt of debt proceeds is a financing source in the governmental funds, the receipt does not have an effect in the statement of activities but does increase the debt balance in the statement of net assets

Bond proceeds	(485 000 00)
---------------	--------------

Repayment of debt principal is an expenditure in the governmental funds, the repayment does not have an effect in the statement of activities but does reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>30 000 00</u>
--------------------------------------	------------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>1 203 294 00</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF NET ASSETS – ALL PROPRIETARY FUNDS
June 30, 2008

Enterprise
(Manhattan Duplex)

Assets

Current Assets:

Cash in bank
Investments

14 945 01
5 773 59

Total Current Assets

20 718 60

Non-current Assets

Capital Assets
Less: Accumulated Depreciation

129 184 24
(46 017 44)

Total Non-current Assets

83 166 80

Total Assets

103 885 40

Liabilities and Net Assets

Liabilities

Total liabilities

-

-

Net assets:

Invested in capital assets, net of related debt
Unrestricted

83 166 80
20 718 60

Total net assets

103 885 40

Total Liabilities and Net Assets

103 885 40

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
ALL PROPRIETARY FUNDS
Year ended June 30, 2008

	Enterprise (Manhattan Duplex)
Operating revenues:	
Rental income	7 350 00
Total operating revenues	7 350 00
Operating expenses:	
Building and grounds:	
Utilities	1 316 14
Repairs and maintenance	6 730 38
Property taxes	3 029 66
Total operating expenses before depreciation	11 076 18
Operating income (loss) before depreciation	(3 726 18)
Less depreciation	(4 367 36)
Operating income (loss)	(8 093 54)
Non-operating income (expense):	
Interest earnings	743 77
Net non-operating income (expense)	743 77
Increase (decrease) in net assets	(7 349 77)
Net assets, beginning of year	111 235 17
Net Assets, End of Year	103 885 40

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUNDS
Year ended June 30, 2008

	Enterprise <u>(Manhattan Duplex)</u>
Cash flows from operating activities:	
Cash received from customers	7 350 00
Cash payments to suppliers for goods and services	<u>(11 076 18)</u>
Net cash provided (used) for operating activities	<u>(3 726 18)</u>
Cash flows from investing activities:	
Interest income	<u>743 77</u>
Net cash provided (used) for investing activities	<u>743 77</u>
Net increase (decrease) in cash	(2 982 41)
Cash beginning of year	<u>23 701 01</u>
Cash End of Year	<u><u>20 718 60</u></u>
Reconciliation of operating income to net cash provided (used) for operating activities:	
Operating income (loss)	(8 093 54)
Depreciation	4 367 36
Increase (decrease) in assets and liabilities	<u>-</u>
Net Cash Provided (Used) for Operating Activities	<u><u>(3 726 18)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Long Lake, Grand Traverse County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Long Lake. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business-type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Proprietary fund type operating statements present revenues and expenses in net total assets. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital assets other than those financed by proprietary fund operations and special assessments.

Proprietary Fund - Enterprise Fund

The Enterprise Fund reports operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

Fiduciary Funds

The Current Tax Collection Fund and the Trust and Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

All purchases of materials are reflected in expenses when paid in all funds.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 1.8409 mills, and the taxable value was \$380,614,590.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-25 years
Furniture and equipment	5-10 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to defer accumulated vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 2 – Budgets and Budgetary Accounting

3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two financial institutions for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>692 949 80</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	
	<u>Bank Balances</u>
Insured (FDIC)	352 669 62
Uninsured and Uncollateralized	<u>368 838 06</u>
Total Deposits	<u>721 507 68</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Note 3 – Deposits and Investments (continued)

The Township had the following investments at June 30, 2008:

Nonrisk-categorized financial institution pooled funds	122 150 52
Mutual funds	218 264 75
U.S. Treasury and Agency notes rated AAA	<u>356 149 15</u>
Total	<u>696 564 42</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization. The U.S. Treasury and Agency notes are rated AAA.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental and Business-Type activities for the current year was as follows:

	Balance 7/1/07	Additions	Deletions	Balance 6/30/08
<u>Governmental Activities:</u>				
Land and improvements	1 608 103 40	1 430 393 26	-	3 038 496 66
Buildings and improvements	553 250 96	1 367 00	-	554 617 96
Equipment	139 699 78	43 569 93	(20 911 00)	162 358 71
Total	2 301 054 14	1 475 330 19	(20 911 00)	3 755 473 33
Accumulated Depreciation	(471 490 48)	(37 597 07)	20 911 00	(488 176 55)
Net Governmental Capital Assets	<u>1 829 563 66</u>	<u>1 437 733 12</u>	<u>-</u>	<u>3 267 296 78</u>
<u>Business-Type Activities:</u>				
Land	20 000 00	-	-	20 000 00
Building	109 184 24	-	-	109 184 24
Total	129 184 24	-	-	129 184 24
Accumulated Depreciation	(41 650 08)	(4 367 36)	-	(46 017 44)
Net Business-Type Capital Assets	<u>87 534 16</u>	<u>(4 367 36)</u>	<u>-</u>	<u>83 166 80</u>

Note 5 – Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Township Clerk and is available to all employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all full-time Township employees. The Township contributes a percentage of each covered employee's wages to the plan. The net pension expense for the fiscal year ended June 30, 2008, was \$38,104.22.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

For the year ended June 30, 2008, the Township had building permit revenues of \$10,046.00.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 9 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 7/1/07	Additions	Deductions	Balance 6/30/08
Bonds Payable	555 000 00	-	10 000 00	545 000 00
Bonds Payable	-	485 000 00	20 000 00	465 000 00
Total	<u>555 000 00</u>	<u>485 000 00</u>	<u>30 000 00</u>	<u>1 010 000 00</u>

Note 10 – Bonds Payable Issued April 1, 2007

On April 1, 2007, the Township sold bonds in the amount of \$555,000.00 to partially fund property acquisition. The scheduled principal payments are due on June 1, during each of the next nineteen years. The interest rate is 4.30%, per annum. The principal balance outstanding on June 30, 2008, was \$545,000.00.

Due Date	Principal Amount	Interest Amount	Total Amount
12/1/08		\$11 717 50	\$11 717 50
6/1/09	\$15 000 00	11 717 50	26 717 50
12/1/09		11 395 00	11 395 00
6/1/10	15 000 00	11 395 00	26 395 00
12/1/10		11 072 50	11 072 50
6/1/11	15 000 00	11 072 50	26 072 50
12/1/11		10 750 00	10 750 00
6/1/12	15 000 00	10 750 00	25 750 00
12/1/12		10 427 50	10 427 50
6/1/13	20 000 00	10 427 50	30 427 50
12/1/13		9 997 50	9 997 50
6/1/14	20 000 00	9 997 50	29 997 50
12/1/14		9 567 50	9 567 50
6/1/15	25 000 00	9 567 50	34 567 50
12/1/15		9 030 00	9 030 00
6/1/16	25 000 00	9 030 00	34 030 00
12/1/16		8 492 50	8 492 50
6/1/17	30 000 00	8 492 50	38 492 50
12/1/17		7 847 50	7 847 50
6/1/18	30 000 00	7 847 50	37 847 50
12/1/18		7 202 50	7 202 50
6/1/19	35 000 00	7 202 50	42 202 50
12/1/19		6 450 00	6 450 00
6/1/20	35 000 00	6 450 00	41 450 00
12/1/20		5 697 50	5 697 50
6/1/21	40 000 00	5 697 50	45 697 50
12/1/21		4 837 50	4 837 50
6/1/22	40 000 00	4 837 50	44 837 50
12/1/22		3 977 50	3 977 50
6/1/23	45 000 00	3 977 50	48 977 50
12/1/23		3 010 00	3 010 00
6/1/24	45 000 00	3 010 00	48 010 00
12/1/24		2 042 50	2 042 50
6/1/25	45 000 00	2 042 50	47 042 50
12/1/25		1 075 00	1 075 00
6/1/26	50 000 00	1 075 00	51 075 00
Totals	<u>\$545 000 00</u>	<u>\$269 180 00</u>	<u>\$814 180 00</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 11 – Bonds Payable Issued November 1, 2007

On November 1, 2007, the Township sold bonds in the amount of \$485,000.00 to partially fund property acquisition. The scheduled principal payments are due on June 1, during each of nineteen years. The interest rate varies from 4.0% to 4.4%, per annum. The principal balance outstanding on June 30, 2008, was \$465,000.00.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
12/1/08			\$9 625 00	\$9 625 00
6/1/09	4.00%	\$20 000 00	9 625 00	29 625 00
12/1/09			9 225 00	9 225 00
6/1/10	4.00	20 000 00	9 225 00	29 225 00
12/1/10			8 825 00	8 825 00
6/1/11	4.00	20 000 00	8 825 00	28 825 00
12/1/11			8 425 00	8 425 00
6/1/12	4.00	20 000 00	8 425 00	28 425 00
12/1/12			8 025 00	8 025 00
6/1/13	4.00	20 000 00	8 025 00	28 025 00
12/1/13			7 625 00	7 625 00
6/1/14	4.00	20 000 00	7 625 00	27 625 00
12/1/14			7 225 00	7 225 00
6/1/15	4.00	25 000 00	7 225 00	32 225 00
12/1/15			6 725 00	6 725 00
6/1/16	4.00	25 000 00	6 725 00	31 725 00
12/1/16			6 225 00	6 225 00
6/1/17	4.00	25 000 00	6 225 00	31 225 00
12/1/17			5 725 00	5 725 00
6/1/18	4.00	25 000 00	5 725 00	30 725 00
12/1/18			5 225 00	5 225 00
6/1/19	4.05	25 000 00	5 225 00	30 225 00
12/1/19			4 718 75	4 718 75
6/1/20	4.10	25 000 00	4 718 75	29 718 75
12/1/20			4 206 25	4 206 25
6/1/21	4.15	30 000 00	4 206 25	34 206 25
12/1/21			3 583 75	3 583 75
6/1/22	4.25	30 000 00	3 583 75	33 583 75
12/1/22			2 946 25	2 946 25
6/1/23	4.30	30 000 00	2 946 25	32 946 25
12/1/23			2 301 25	2 301 25
6/1/24	4.35	35 000 00	2 301 25	37 301 25
12/1/24			1 540 00	1 540 00
6/1/25	4.40	35 000 00	1 540 00	36 540 00
12/1/25			770 00	770 00
6/1/26	4.40	35 000 00	770 00	35 770 00
Totals		<u>\$465 000 00</u>	<u>\$205 882 50</u>	<u>\$670 882 50</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 12 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	10 742 01	Sara Lane Special Assessment	10 742 01
General	168 51	Current Tax Collection	168 51
General	<u>2 153 60</u>	Trust and Agency	<u>2 153 60</u>
Total	<u>13 064 12</u>	Total	<u>13 064 12</u>

Note 13 – Interfund Transfers

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Retiree Insurance	10 000 00	General	10 000 00
Fire Suppression			
Water Supply	2 000 00	General	2 000 00
Natural Area Millage	638 80	Natural Area Construction	638 80
Fire Suppression			
Water Supply	<u>30 000 00</u>	Fire and Safety	<u>30 000 00</u>
Total	<u>42 638 80</u>	Total	<u>42 638 80</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	261 034 00	261 034 00	260 953 88	(80 12)
Other taxes	1 660 00	1 660 00	1 666 96	6 96
Licenses and permits	94 580 00	94 580 00	104 651 71	10 071 71
State revenue sharing	519 081 00	519 081 00	522 935 00	3 854 00
Charges for services:				
PTAF	129 693 00	129 693 00	129 590 30	(102 70)
Other	9 000 00	9 000 00	4 363 98	(4 636 02)
Interest	25 000 00	25 000 00	56 581 85	31 581 85
Special assessments	1 000 00	1 000 00	1 180 00	180 00
Miscellaneous	38 170 00	38 170 00	14 683 02	(23 486 98)
Total revenues	<u>1 079 218 00</u>	<u>1 079 218 00</u>	<u>1 096 606 70</u>	<u>17 388 70</u>
Expenditures:				
Legislative:				
Township Board	142 272 00	130 772 00	104 072 75	(26 699 25)
General government:				
Supervisor	47 563 00	47 563 00	47 339 24	(223 76)
Elections	14 000 00	13 000 00	6 653 53	(6 346 47)
Assessor	59 749 00	58 749 00	54 289 15	(4 459 85)
Clerk	57 741 00	58 741 00	58 215 22	(525 78)
Board of Review	1 000 00	1 000 00	825 00	(175 00)
Treasurer	55 991 00	55 991 00	55 698 61	(292 39)
Building and grounds	120 406 00	120 406 00	111 168 46	(9 237 54)
Senior center	10 100 00	11 600 00	10 745 06	(854 94)
Cemetery	5 000 00	5 900 00	4 257 20	(1 642 80)
Other governmental	4 000 00	4 000 00	1 400 00	(2 600 00)
Public safety:				
Fire department	7 100 00	7 100 00	5 689 51	(1 410 49)
Planning and zoning	175 888 00	169 388 00	125 795 49	(43 592 51)
Public works:				
Highways and streets	14 700 00	14 700 00	10 830 66	(3 869 34)
Water	4 000 00	4 000 00	830 82	(3 169 18)
Culture and recreation:				
Parks and recreation	55 323 00	71 823 00	70 246 26	(1 576 74)
Historical	1 600 00	1 600 00	1 409 69	(190 31)
Other:				
Insurance	130 000 00	130 000 00	124 399 44	(5 600 56)
Pension	41 000 00	41 000 00	38 104 22	(2 895 78)
Longevity pay	1 900 00	1 900 00	1 572 36	(327 64)
Payroll taxes	33 000 00	33 000 00	29 495 42	(3 504 58)
Contingency	29 845 00	19 103 00	-	(19 103 00)
Capital outlay	<u>42 000 00</u>	<u>42 000 00</u>	<u>34 997 43</u>	<u>(7 002 57)</u>
Total expenditures	<u>1 054 178 00</u>	<u>1 043 336 00</u>	<u>898 035 52</u>	<u>(145 300 48)</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Excess (deficiency) of revenues over expenditures	<u>25 040 00</u>	<u>35 882 00</u>	<u>198 571 18</u>	<u>162 689 18</u>
Other financing sources (uses):				
Operating transfers out	<u>(12 500 00)</u>	<u>(22 742 00)</u>	<u>(12 000 00)</u>	<u>10 742 00</u>
Total other financing sources (uses):	<u>(12 500 00)</u>	<u>(22 742 00)</u>	<u>(12 000 00)</u>	<u>10 742 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	12 540 00	13 140 00	186 571 18	173 431 18
Fund balance, July 1	<u>374 872 00</u>	<u>374 872 00</u>	<u>595 828 24</u>	<u>220 956 24</u>
Fund Balance, June 30	<u><u>387 412 00</u></u>	<u><u>388 012 00</u></u>	<u><u>782 399 42</u></u>	<u><u>394 387 42</u></u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE AND SAFETY FUND
Year ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	352 000 00	352 000 00	351 875 71	(124 29)
Interest	-	-	2 586 06	2 586 06
Total revenues	<u>352 000 00</u>	<u>352 000 00</u>	<u>354 461 77</u>	<u>2 461 77</u>
Expenditures:				
Public safety:				
Police department	68 000 00	68 000 00	66 880 00	(1 120 00)
Fire department	<u>284 100 00</u>	<u>254 100 00</u>	<u>249 644 50</u>	<u>(4 455 50)</u>
Total expenditures	<u>352 100 00</u>	<u>322 100 00</u>	<u>316 524 50</u>	<u>(5 575 50)</u>
Excess (deficiency) of revenues over expenditures	<u>(100 00)</u>	<u>29 900 00</u>	<u>37 937 27</u>	<u>8 037 27</u>
Other financing sources (uses):				
Operating transfers out	-	(30 000 00)	(30 000 00)	-
Total other financing sources (uses)	<u>-</u>	<u>(30 000 00)</u>	<u>(30 000 00)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(100 00)</u>	<u>(100 00)</u>	<u>7 937 27</u>	<u>8 037 27</u>
Fund balance, July 1	<u>130 412 00</u>	<u>130 412 00</u>	<u>131 095 17</u>	<u>683 17</u>
Fund Balance, June 30	<u><u>130 312 00</u></u>	<u><u>130 312 00</u></u>	<u><u>139 032 44</u></u>	<u><u>8 720 44</u></u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT

Year ended June 30, 2008

Township Board:	
Wages	20 622 24
Audit	5 000 00
Contracted services	59 139 94
Memberships and dues	7 652 38
Education	3 268 24
Miscellaneous	8 389 95
	<u>104 072 75</u>
Supervisor:	
Wages	46 813 00
Travel	526 24
	<u>47 339 24</u>
Elections:	
Contracted services	6 133 75
Repairs and maintenance	519 78
	<u>6 653 53</u>
Assessor:	
Wages	49 791 22
Contracted services	893 00
Supplies	2 959 16
Membership and dues	310 00
Education	75 00
Travel	260 77
	<u>54 289 15</u>
Clerk:	
Wages	57 266 76
Travel	948 46
	<u>58 215 22</u>
Board of Review:	
Wages	<u>825 00</u>
Treasurer:	
Wages	45 258 64
Contracted services	489 18
Supplies	9 293 89
Travel	656 90
	<u>55 698 61</u>
Building and grounds:	
Wages	36 974 26
Contracted services	1 278 56
Supplies	25 416 48
Utilities	11 608 55
Telephone	8 272 06
Repairs and maintenance	27 432 71
Education	10 00
Travel	175 84
	<u>111 168 46</u>
Senior Center:	
Wages	4 179 00
Contracted services	5 440 00
Supplies	1 126 06
	<u>10 745 06</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2008

Cemetery:	
Wages	640 32
Utilities	302 42
Repairs and maintenance	3 061 61
Miscellaneous	252 85
	<u>4 257 20</u>
Other governmental:	
Repairs and maintenance	<u>1 400 00</u>
Fire department:	
Wages	748 20
Contracted services	1 000 00
Repairs and maintenance	3 002 49
Travel	938 82
	<u>5 689 51</u>
Planning and zoning:	
Wages	94 336 38
Contracted services	28 597 85
Memberships and dues	625 00
Education	1 959 08
Travel	277 18
	<u>125 795 49</u>
Highways and streets:	
Contracted services	2 710 95
Street lighting	8 119 71
	<u>10 830 66</u>
Water:	
Contracted services	<u>830 82</u>
Parks and recreation:	
Wages	34 920 96
Contracted services	9 806 94
Supplies	781 30
Utilities	492 56
Repairs and maintenance	24 244 50
	<u>70 246 26</u>
Historical	<u>1 409 69</u>
Insurance	<u>124 399 44</u>
Pension	<u>38 104 22</u>
Longevity pay	<u>1 572 36</u>
Payroll taxes	<u>29 495 42</u>
Capital outlay	<u>34 997 43</u>
Total Expenditures	<u><u>898 035 52</u></u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

COMBINING BALANCE SHEET – ALL NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	<u>Gypsy Moth</u>	<u>Public Improvement</u>	<u>Metro Act</u>	<u>Budget Stabilization</u>	<u>Fire Suppression Water Supply</u>
<u>Assets</u>					
Cash in bank	5 139 02	80 500 00	55 799 43	87 200 00	67 122 47
Special assessment receivable	-	-	-	-	-
Investments	-	-	-	-	-
Total Assets	<u>5 139 02</u>	<u>80 500 00</u>	<u>55 799 43</u>	<u>87 200 00</u>	<u>67 122 47</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	5 139 02	80 500 00	55 799 43	87 200 00	67 122 47
Total fund equity	<u>5 139 02</u>	<u>80 500 00</u>	<u>55 799 43</u>	<u>87 200 00</u>	<u>67 122 47</u>
Total Liabilities and Fund Equity	<u>5 139 02</u>	<u>80 500 00</u>	<u>55 799 43</u>	<u>87 200 00</u>	<u>67 122 47</u>

<u>Retiree Insurance</u>	<u>Long Lake Peninsula</u>	<u>Sarah Lane Special Assessment</u>	<u>Natural Areas Millage</u>	<u>Library Building</u>	<u>Total</u>
70 000 00	941 78	-	21 963 27	25 044 85	413 710 82
-	-	10 742 01	-	-	10 742 01
-	-	-	-	24 920 43	24 920 43
<u>70 000 00</u>	<u>941 78</u>	<u>10 742 01</u>	<u>21 963 27</u>	<u>49 965 28</u>	<u>449 373 26</u>
-	-	10 742 01	-	-	10 742 01
-	-	10 742 01	-	-	10 742 01
70 000 00	941 78	-	21 963 27	49 965 28	438 631 25
70 000 00	941 78	-	21 963 27	49 965 28	438 631 25
<u>70 000 00</u>	<u>941 78</u>	<u>10 742 01</u>	<u>21 963 27</u>	<u>49 965 28</u>	<u>449 373 26</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL NONMAJOR GOVERNEMENTAL FUNDS
Year ended June 30, 2008

	<u>Gypsy Moth</u>	<u>Public Improvement</u>	<u>Metro Act</u>	<u>Budget Stabilization</u>	<u>Fire Suppression Water Supply</u>
Revenues:					
Property taxes	-	-	-	-	-
State revenue sharing	-	-	11 515 53	-	-
Interest	15 12	-	-	-	146 25
Special assessments	-	-	-	-	-
Miscellaneous	-	-	-	-	27 300 00
Total revenues	<u>15 12</u>	<u>-</u>	<u>11 515 53</u>	<u>-</u>	<u>27 446 25</u>
Expenditures:					
Highways and streets	-	-	-	-	-
Water	-	-	-	-	3 131 43
Debt service	-	-	-	-	-
Capital outlay	-	9 939 50	-	-	-
Total expenditures	<u>-</u>	<u>9 939 50</u>	<u>-</u>	<u>-</u>	<u>3 131 43</u>
Excess (deficiency) of revenues over expenditures	<u>15 12</u>	<u>(9 939 50)</u>	<u>11 515 53</u>	<u>-</u>	<u>24 314 82</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	-	32 000 00
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	15 12	(9 939 50)	11 515 53	-	56 314 82
Fund balances, July 1	<u>5 123 90</u>	<u>90 439 50</u>	<u>44 283 90</u>	<u>87 200 00</u>	<u>10 807 65</u>
Fund Balances, June 30	<u>5 139 02</u>	<u>80 500 00</u>	<u>55 799 43</u>	<u>87 200 00</u>	<u>67 122 47</u>

<u>Retiree Insurance</u>	<u>Long Lake Peninsula</u>	<u>Sarah Lane Special Assessment</u>	<u>Natural Areas Millage</u>	<u>Library Building</u>	<u>Total</u>
-	-	-	87 432 45	-	87 432 45
-	-	-	-	-	11 515 53
-	4 42	-	1 621 12	1 444 00	3 230 91
-	-	10 742 01	-	-	10 742 01
-	-	-	-	-	27 300 00
-	<u>4 42</u>	<u>10 742 01</u>	<u>89 053 57</u>	<u>1 444 00</u>	<u>140 220 90</u>
-	-	10 742 01	-	-	10 742 01
-	-	-	-	-	3 131 43
-	-	-	70 363 41	-	70 363 41
-	-	-	<u>56 897 38</u>	-	<u>66 836 88</u>
-	-	<u>10 742 01</u>	<u>127 260 79</u>	-	<u>151 073 73</u>
-	<u>4 42</u>	-	<u>(38 207 22)</u>	<u>1 444 00</u>	<u>(10 852 83)</u>
<u>10 000 00</u>	-	-	<u>638 80</u>	-	<u>42 638 80</u>
<u>10 000 00</u>	-	-	<u>638 80</u>	-	<u>42 638 80</u>
10 000 00	4 42	-	(37 568 42)	1 444 00	31 785 97
<u>60 000 00</u>	<u>937 36</u>	-	<u>59 531 69</u>	<u>48 521 28</u>	<u>406 845 28</u>
<u>70 000 00</u>	<u>941 78</u>	-	<u>21 963 27</u>	<u>49 965 28</u>	<u>438 631 25</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year ended June 30, 2008

	<u>Balance 7/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/08</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in bank	351 47	10 646 903 71	10 647 086 67	168 51
Total Assets	<u>351 47</u>	<u>10 646 903 71</u>	<u>10 647 086 67</u>	<u>168 51</u>
<u>Liabilities</u>				
Due to other funds	351 47	771 035 70	771 218 66	168 51
Due to others	-	9 875 868 01	9 875 868 01	-
Total Liabilities	<u>351 47</u>	<u>10 646 903 71</u>	<u>10 647 086 67</u>	<u>168 51</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>8 129 56</u>	<u>2 504 04</u>	<u>2 480 00</u>	<u>8 153 60</u>
<u>Liabilities</u>				
Due to other funds	2 129 56	404 04	380 00	2 153 60
Due to others	6 000 00	2 100 00	2 100 00	6 000 00
Total Liabilities	<u>8 129 56</u>	<u>2 504 04</u>	<u>2 480 00</u>	<u>8 153 60</u>
<u>TOTAL – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in bank	8 481 03	10 649 407 75	10 649 566 67	8 322 11
Total Assets	<u>8 481 03</u>	<u>10 649 407 75</u>	<u>10 649 566 67</u>	<u>8 322 11</u>
<u>Liabilities</u>				
Due to other funds	2 481 03	771 439 74	771 598 66	2 322 11
Due to others	6 000 00	9 877 968 01	9 877 968 01	6 000 00
Total Liabilities	<u>8 481 03</u>	<u>10 649 407 75</u>	<u>10 649 566 67</u>	<u>8 322 11</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended June 30, 2008

Cash in bank – beginning of year	<u>351 47</u>
Cash receipts:	
Property tax	<u>10 646 903 71</u>
Total cash receipts	<u>10 646 903 71</u>
Total beginning balance and cash receipts	<u>10 647 255 18</u>
Cash disbursements:	
Grand Traverse County	4 399 832 54
Traverse Bay Area ISD	1 065 589 62
Northwestern Michigan	1 032 484 80
Traverse City Area Public Schools	2 838 355 01
Traverse Area District Library	405 499 94
Bay Area Transportation Authority	116 949 72
Township General Fund	359 920 38
Township Fire and Safety Fund	329 406 91
Township Natural Areas Millage Fund	81 891 37
Refunds	<u>17 156 38</u>
Total cash disbursements	<u>10 647 086 67</u>
Cash in Bank – End of Year	<u>168 51</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

August 21, 2008

To the Township Board
Township of Long Lake
Grand Traverse County, Michigan

We have audited the financial statements of the Township of Long Lake for the year ended June 30, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Long Lake in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Long Lake
Grand Traverse County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated June 30, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants